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January 13, 2000

Dear Xxxxx:

This letter is in response to your letter dated November 8, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

COMPANY is a Credit Card company that has large xxxxx contracts with AGENCY, AGENCY, AGENCY, and several smaller agencies. I had spoken with PERSON on April 30, regarding third party credit card companies. At that time, he advised there was no ruling on third party cards and the handling of motor fuel or sales taxes.

I was advised that Legal Services was working on proposed legislation to handle third party credit cards. The purpose of this letter is to inquire if new regulations have been imposed. If so, would you please send me a copy of the current regulations?

COMPANY facilitates the Oil Companies by calculating tax adjustments, credits tax-exempt credit card customer's accounts, and passes all the tax data to the Oil Company for them to file for a refund/offset on their tax returns. Currently, COMPANY is not calculating any taxes from the State of Illinois.

Should you wish to learn more about our company or matters pertaining to my request, please do not hesitate to contact me at #####. Your prompt response will be appreciated.

Under Illinois law, sales made to governmental bodies (Federal, State, local, or foreign) are not subject to Retailers' Occupation Tax. In order to make a tax exempt purchase, governmental bodies must have an active exemption identification number issued by the Department or present a U.S. Government Bank Card. Sales made to individual government employees who will be reimbursed by the government are subject to tax.

Currently the Department's regulation at 86 Ill. Adm. Code 130.2080(a), copy enclosed, provides that "retailers may accept U.S. Government Bank Cards in sales to the U.S. Government and its agencies without requiring an Illinois exemption number." At the time the regulation was

promulgated, sales paid for by U.S. Bank Cards were all billed directly to the Federal government. Thus, presentation of the card was enough to demonstrate that the sale was, in fact, a sale to the Federal Government. It is our understanding that this is no longer the case with some new government card programs.

Because of the changes to the government card programs, the Department is planning to promulgate regulations that will provide guidance to retailers and taxpayers in how to document exempt sales. These rules have not yet been prepared.

We are not sure whether the rules we are planning are relevant to the program you have described. If you would provide more detailed information, we could better address your concerns.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Martha P. Mote  
Associate Counsel

MPM:msk  
Enc.